

DECISION MEMORANDUM

TO: COMMISSIONER KJELLANDER
COMMISSIONER SMITH
COMMISSIONER HANSEN
COMMISSION SECRETARY
COMMISSION STAFF

FROM: DONOVAN E. WALKER

DATE: FEBRUARY 13, 2007

SUBJECT: STONERIDGE WATER COMPANY'S APPLICATION TO INCREASE RATES AND MODIFY RULES AND REGULATIONS – CASE NO. SWS-W-06-01.

On November 20, 2006, Stoneridge Water Company filed an Application with the Commission seeking “to allow for the closing out of Phase I and Phase II loans for the Happy Valley Ranchos annexation and surcharge associated thereto, for an increase in the monthly user fees, an increase in the hook up fees, an increase in the disconnection/reconnection fees and for clarifications and changes to the Rules and Regulations.”

On December 18, 2006, the Commission issued Order No. 30204, Notice of Application and Notice of Modified Procedure, authorizing the use of Modified Procedure to process this case. A comment deadline was not set at that time, as Staff wished to coordinate workshops on several North Idaho cases into one trip. The Notice states that a comment deadline will be established by subsequent Commission Order/Notice. On February 12, 2007, the Commission received a Petition to Intervene filed by Cindy Thomas, Resort Manager, on behalf of the Stoneridge Recreational Club Condominium Owners Association Inc., dba Stoneridge Resort. A public workshop is currently scheduled in this case for February 21, 2007. Staff now recommends establishing a comment deadline.

THE APPLICATION

The Company filed a fairly comprehensive Application following the pattern available on the Commission's web page for small water company Certificates of Public Convenience and Necessity. In fact the Company titled its Application as that for the issuance of a Certificate. However, the Company currently possesses a Certificate, *See*, Order No. 28994,

and it is clear from a review of the Application that it is requesting a general rate case. The Company has not requested a specific effective date for the proposed new rates.

The Company had previously taken out a series of loans from the State Drinking Water Revolving Fund totaling approximately \$438,500. *See*, Case No. SWS-W-04-01, Order No. 29719 (authorizing the loan amounts and describing the background surrounding the loans, system expansion, and system improvements). The Commission, in its previous Orders authorizing the Company to incur the indebtedness, specifically reserved judgment on the appropriate amount of the surcharge for Phase I interconnection. Order No. 29719 at 5. The Commission also specifically reserved judgment on how the Company may collect the cost of the backbone system improvements for Phase II. *Id.*

According to the Customer Notice prepared by the Company, its request to the Commission consists of 6 parts: “1) A monthly fee to service the Happy Valley Ranchos loan will be imposed on all those current and future customers that were added as a result of the Happy Valley Ranchos annexation. 2) A monthly service fee to service the well repair loan will be imposed on all current and future customers within the StoneRidge Utility service Territory. 3) A monthly user fee increase will be imposed on all current and future customers within the StoneRidge Utility service territory. 4) A disconnect/reconnect fee increase will be imposed on all customers choosing to have their water shut off and turned on at a later date. 5) A hook up fee increase will be imposed on all customers requesting a new service connection. 6) And clarifications and changes to some of the General Rules and Regulations.”

The Company states that it currently has 374 customers, and will ultimately have approximately 1207 customers with the planned developments within its service territory. It appears that the Company is requesting to increase rates as follows:

	Customer Charge	Commodity Charge
Residential	from \$14/mo. to \$38/mo.	from \$.30/1,000g to \$.67/1,000g
Commercial	from \$20/mo. to \$38/mo.	from \$.30/1,000g to \$.67/1,000g
Irrigation	\$38/mo.	\$.67/1,000g

The Company’s existing Tariff also contains rates for:

Time Share	\$200/mo.	\$.30/1,000g
Complex		
Golf Course	\$1200/mo.	\$.30/1,000g
Irrigation		

The Company is also proposing to increase its hook-up fee for new service from \$925 to \$1,200. The Company also proposes increasing its reconnection to \$278 during office hours, and \$328 after office hours. This amount equates to six months base charge plus \$50 and \$100 respectively. The Company's currently authorized reconnection fees are: 1) disconnected for 30 days or less - during office hours, \$14 and after office hours, \$28; and 2) disconnected for more than 30 days – during office hours, \$50 and after office hours, \$64.

STAFF RECOMMENDATION

Staff recommends a comment deadline of April 27, 2007.

COMMISSION DECISION

Does the Commission wish to establish a comment deadline of April 27, 2007? Does the Commission wish to grant the Petition to Intervene filed by Stoneridge Resort?



Donovan E. Walker